

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the Matter of:

OK Minerals, LLC

Jay Merkle

Craig Massey

Joseph Blimline

Eric Merkle

Respondents

Enforcement Case No. 05-3499

Agency No. 05-508-SR

Docket No. 2005-837

Issued and entered
on March 7, 2006
by Linda A. Watters
Commissioner

CONSENT ORDER AND STIPULATION

A. FINDINGS OF FACT

1. Respondent OK Minerals, LLC ("OKM") is a limited liability company, organized under the laws of the State of Nevada, whose address is 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109.
2. OKM's principal place of business is 781 Progress Court, Williamston, Michigan 48895.
3. Longhorn Energy Corporation (Longhorn), a corporation organized under the laws of the State of Nevada is the managing member of OKM and is located at 781 Progress Court, Williamston, Michigan 48895.

4. Respondent Jay Merkle ("J. Merkle") is the President and a Director of Longhorn, and is located at 781 Progress Court, Williamston, Michigan 48895.
5. Respondent Craig Massey ("Massey") is the Vice President of Finance and a Director of Longhorn, and is located at 781 Progress Court, Williamston, Michigan 48895.
6. Respondent Joseph Blimline ("Blimline") is the Vice President of Operations and a Director of Longhorn, and is located at 781 Progress Court, Williamston, Michigan 48895.
7. Respondent Eric Merkle ("E. Merkle") is the Senior Vice President and a Director of Longhorn, and is located at 781 Progress Court, Williamston, Michigan 48895. OKM, J. Merkle, Massey, Blimline, and E. Merkle are sometimes collectively referred to hereinafter as "Respondents."
8. On March 25, 2005, Respondents informed OFIS that they sought to sell Units of Preferred Membership Interests in OKM, which are securities, pursuant to exemptions offered by Regulation D Rule 506, Section 3(c)(9) of the Investment Company Act of 1940 and Section 402(b)(21) of the Michigan Uniform Securities Act.
9. On March 25, 2005, Respondents sent OFIS: (a) an SEC Form D; (b) NASAA Form U2-Uniform Consent to Service of Process; and (c) \$100.00 state filing fee.
10. On March 8, 2005, Respondents first deposited investor funds from residents in the State of Michigan in Respondents' Irwin Union Bank account.
11. On March 18, 2005, Respondents signed an investment contract with residents of the State of Michigan.
12. Respondents knew or had reason to know that Section 308(d) of the Michigan Uniform Securities Act, requires the issuer of any federally covered security under the Securities Act of 1933 to file a notice on Securities and Exchange Commission Form D or a form approved by the Administrator, with a consent to service of process signed by the issuer, no later than 15 days after the first sale of a federally covered security in this state, together with a nonrefundable filing fee of \$100.00.
13. On April 28, 2005, the Commissioner of OFIS issued a Stop Ordering Suspending the Offer and Sale of Securities against Respondents prohibiting their offer and sale of Units of Preferred Membership Interests in OKM.

14. On October 3, 2005, the Commissioner issued an Order to Cease and Desist, Summarily Revoking Exemptions, and Imposing Civil Penalties.
15. On October 20, 2005, the Respondents requested a hearing on the Order to Cease and Desist, Summarily Revoking Exemptions, and Imposing Civil Penalties.
16. Although Respondents filed the SEC Form D on March 25, 2005, more than 15 days after the first sale of a federally covered security in the State of Michigan, Respondents' failure to comply with all terms, conditions, and requirements of the Rule 506 Exemption was insignificant with respect to the offering as a whole, as such that the securities remained exempt from state registration.

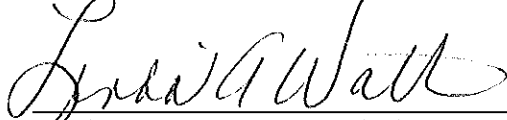
B. ORDER

Based on the findings of fact and Respondents' stipulation, it is ORDERED that:

1. Respondents shall comply with the provisions of the Michigan Uniform Securities Act, including, but not limited to Section 301 and 308 of the Michigan Uniform Securities Act.
2. Having considered actions taken by Respondents in an effort to mitigate the harm their conduct caused or may cause to the public, and other facts and circumstances relating to this matter, a **CIVIL PENALTY** is hereby imposed against each of the Respondents as follows:
 - (a) OKM shall pay a civil penalty in the amount of \$1,000.00.
 - (b) Jay Merkle shall pay a civil penalty in the amount of \$1,000.00.
 - (c) Craig Massey shall pay a civil penalty in the amount of \$1,000.00.
 - (d) Joseph Blimline shall pay a civil penalty in the amount of \$1,000.00.
 - (e) Eric Merkle shall pay a civil penalty in the amount of \$1,000.00.
3. Respondents shall pay the civil penalties by certified check or money order payable to the State of Michigan, through the Office of Financial and Insurance Services. Upon entry of this Order, OFIS will send the Respondents Invoices for the civil penalties.
4. Upon entry of this Order, the Office of Financial and Insurance Services will rescind the Stop Ordering Suspending the Offer and Sale of Securities issued and entered on April 28, 2005 against OK Minerals, LLC.
5. Upon entry of this Order, the Office of Financial and Insurance Services will rescind the Order to Cease and Desist, Summarily Revoking Exemptions, and Imposing Civil Penalties issued and entered on October 3, 2005 on this matter.

6. Upon entry of this Order, the Respondents shall withdraw their request for a hearing on the October 3, 2005 Order to Cease and Desist, Summarily Revoking Exemptions, and Imposing Civil Penalties


MICHIGAN DEPARTMENT OF
LABOR & ECONOMIC GROWTH

By: 
Linda A. Watters, Commissioner
Office of Financial and Insurance Services

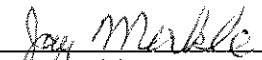
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C. STIPULATION

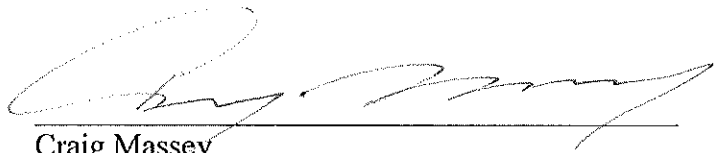
I admit the facts set forth in the above Consent Order and agreed to the entry of the Consent Order. I have read and understand the Consent Order above. I agree that the Commissioner of the Office Financial and Insurance Services has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Uniform Securities Act. I waive the right to a hearing in this matter if this Consent Order is issued. I understand that this Consent Order and Stipulation will be presented to the Commissioner for approval and the Commissioner may or may not issue this Consent Order.


OK Minerals, LLC
Authorized Representative

Dated: 3-3-2006


Jay Merkle

Dated: 3/3/2006




Craig Massey

Dated: 3-3-2006

Joseph Blimline

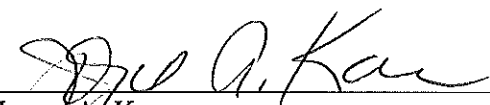
Dated: _____



Eric Merkle

Dated: 3-3-2006

The OFIS staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.

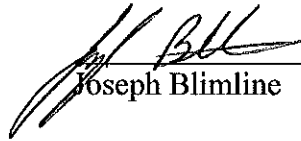


Joyce A. Karr
Deputy Commissioner

Dated: 3-7-06

Craig Massey

Dated: _____



Joseph Blimline

Dated: 3/3/06 _____

Eric Merkle

Dated: _____

The OFIS staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.

Joyce A. Karr
Deputy Commissioner

Dated: _____